



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

Intergovernmental Policy and Planning Division

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Testimony of Martin Heft,
Undersecretary for Intergovernmental Policy and Planning
Office of Policy and Management

HB-6655 - AAC Municipal Taxation and Incentivizing Regionalization

Chairpersons Fonfara and Scanlon, Vice Chairs Miller, Moore, Kavros DeGraw and Meskers, Ranking members Martin and Cheeseman and honorable members of the Finance, Revenue and Bonding Committee:

Thank you for the opportunity to provide information for your consideration concerning House Bill 6655, An Act Concerning Municipal Taxation and Incentivizing Regionalization.

Section 1 of HB 6555: A municipal expenditure cap already exists with penalty provisions under subsection (h) of Connecticut General Statute Section 4-66l. Municipalities report annually to the Office of Policy and Management since fiscal year ending June 30, 2018. The amount of grant payable in accordance with subsection (d) or (f) of Section 4-66l shall be reduced if the municipality increases its adopted budget expenditures above a cap of 2.5 percent or more or the rate of inflation, whichever is greater.

Given the efforts and procedures in place for the Municipal Accountability Review Board, Municipal Finance Advisory Commission, as well as the Public Act 19-117 (Section 365) Task Force legislation, each of which collectively assist municipalities undergoing financial challenges, an additional municipal spending cap may not be warranted.

Section 3 of HB 6555: A similar provision to promote regional services has already passed out of Planning and Development Committee in Sections 9 and 10 of Governor's Bill HB 6448. The Regional Performance Incentive Program is revised to better serve our municipalities in shared service opportunities. These revisions will promote voluntary efforts to consolidate certain services that are currently provided by individual towns and allow them to be offered regionally within existing Councils of Government and Regional Educational Service Centers. Which services would be consolidated will be determined by the participating COG and RESC. This moves grant awards from planning and studies to measurables and actions that must demonstrate positive cost benefit, increased efficiency, or capacity to deliver services,

diminished need for state funding or provide a cost savings. It requires a match (25% first year) with a requirement for longevity of funding. Provisions also include changing interlocal agreements to affirmative vote of the member municipalities.

Thank you for the opportunity to provide this information. We are happy to discuss the bill with you at your convenience.